

AMENDED IN ASSEMBLY APRIL 9, 2013
AMENDED IN ASSEMBLY MARCH 18, 2013
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 511

Introduced by Assembly Member Pan

February 20, 2013

An act to add and repeal Article 12 (commencing with Section 18830) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 511, as amended, Pan. Income taxes: voluntary contributions: American Red Cross, California Chapters Fund.

The Personal Income Tax Law authorizes taxpayers to contribute amounts in excess of their tax liability for the support of specified funds.

This bill would authorize taxpayers to designate on their tax returns that a specified amount in excess of their tax liability be transferred to the American Red Cross, California Chapters Fund, which is created by this bill. This bill would require that all moneys contributed to the fund pursuant to these provisions, upon appropriation by the Legislature, be allocated to the Franchise Tax Board and the Controller for reimbursement and to the *Office of Emergency Services to disburse the moneys to the American Red Cross, California Chapters for planning for the implementation of and implementing programs to assist in disaster preparedness and response throughout the state and for the cost of administering those programs for disaster relief, and to ensure state oversight of that disbursement*, as prescribed. This bill also would

require a plan for the use of these contributions to be submitted to the Office of Emergency Services, as provided.

This bill would provide that these voluntary contribution provisions are inoperative and repealed on the earlier of the following: inoperative on January 1 of the 5th taxable year following the ~~taxable year the fund first appears~~ *appearance of the fund* on the tax return and repealed on December 1 of that taxable year or inoperative for taxable years beginning on or after January 1 of the calendar year in which the Franchise Tax Board estimates by September 1 that the contributions made on returns filed in that calendar year will be less than \$250,000, or an adjusted amount for subsequent taxable years, and ~~are~~ repealed on December 1 of that calendar year.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Article 12 (commencing with Section 18830) is
2 added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and
3 Taxation Code, to read:

4
5 Article 12. American Red Cross, California Chapters Fund
6

7 18830. (a) An individual may designate on the tax return that
8 a contribution in excess of tax liability, if any, be made to the
9 American Red Cross, California Chapters Fund established by
10 Section 18831.

11 (b) A contribution shall be in a full dollar amount and may be
12 made individually by each signatory on a joint return.

13 (c) A designation made under subdivision (a) shall be made for
14 any taxable year on the original return for that taxable year, and
15 once made shall be irrevocable. In the event that payments and
16 credits reported on the return, together with any other credits
17 associated with the taxpayer's account do not exceed the taxpayer's
18 tax liability, if any, the return shall be treated as though no
19 designation had been made. In the event that no designee is
20 specified, the contribution shall, after reimbursement of the direct
21 actual costs of the Franchise Tax Board for the collection and
22 administration of funds under this article, be transferred to the
23 General Fund.

1 (d) If an individual designates a contribution to more than one
2 account or fund listed on the tax return, and the amount available
3 is insufficient to satisfy the total amount designated, the
4 contribution shall be allocated among the designated accounts on
5 a pro rata basis.

6 (e) The Franchise Tax Board shall revise the form of the return
7 to include a space labeled the “American Red Cross, California
8 Chapters Fund” to allow for the designation permitted under
9 subdivision (a). The form shall also include in the instructions
10 information that the contribution may be in the amount of one
11 dollar (\$1) or more and that the contribution shall be used by the
12 American Red Cross ~~Chapters of California~~, *California Chapters*
13 ~~for planning for the implementation of and implementing programs~~
14 ~~to assist in disaster preparedness and response throughout the state~~
15 ~~and for the cost of administering those programs.~~ *for disaster relief*
16 *in California*. The American Red Cross Capital Region Chapter,
17 on behalf of the American Red Cross ~~Chapters of California~~, *Cross,*
18 *California Chapters*, shall submit to the Office of Emergency
19 Services within 60 days of receiving the ~~taxpayer check-off funds~~
20 ~~contributions~~ from the ~~Controller, Office of Emergency Services,~~
21 a plan for the use of the contributions received under the act.

22 (f) Notwithstanding any other provision, a voluntary contribution
23 designation for the American Red Cross, California Chapters Fund
24 shall not be added on the tax return until another voluntary
25 contribution designation is removed.

26 (g) A deduction shall be allowed under Article 6 (commencing
27 with Section 17201) of Chapter 3 of Part 10 for any contribution
28 made pursuant to subdivision (a).

29 18831. There is hereby established in the State Treasury the
30 American Red Cross, California Chapters Fund to receive
31 contributions made pursuant to Section 18830. The Franchise Tax
32 Board shall notify the Controller of both the amount of money
33 paid by taxpayers in excess of their tax liability and the amount
34 of refund money that taxpayers have designated pursuant to Section
35 18830 to be transferred to the American Red Cross, California
36 Chapters Fund. The Controller shall transfer from the Personal
37 Income Tax Fund to the American Red Cross, California Chapters
38 Fund an amount not in excess of the sum of the amounts designated
39 by individuals pursuant to Section 18830 for payment into that
40 fund.

1 18832. All money transferred to the American Red Cross,
2 California Chapters Fund, upon appropriation by the Legislature,
3 shall be allocated as follows:

4 (a) To the Franchise Tax Board and the Controller only for
5 reimbursement of all costs incurred by the Franchise Tax Board
6 and the Controller in connection with their duties under this article.

7 (b) *(1) To the Office of Emergency Services to disburse the*
8 *moneys to the American Red Cross, California Chapters, for the*
9 *purposes set forth in Section 18830, and to ensure state oversight*
10 *of that disbursement.*

11 *(2) The American Red Cross, California Chapters shall not use*
12 *more than 5 percent of the moneys received pursuant to this article*
13 *for administrative costs.*

14 18833. (a) Except as otherwise provided in paragraph (2) of
15 subdivision (b), this article shall remain in effect only until January
16 1 of the fifth taxable year following the first appearance of the
17 American Red Cross, California Chapters Fund on the personal
18 income tax return, and is repealed as of December 1 of that ~~taxable~~
19 year.

20 (b) (1) By September 1 of the second calendar year and each
21 subsequent calendar year that the American Red Cross, California
22 Chapters Fund appears on the tax return, the Franchise Tax Board
23 shall do all of the following:

24 (A) Determine the minimum contribution amount required to
25 be received during the next calendar year for the fund to appear
26 on the tax return for the taxable year that includes that next calendar
27 year.

28 (B) Determine whether the amount of contributions estimated
29 to be received during the calendar year will equal or exceed the
30 minimum contribution amount determined by the Franchise Tax
31 Board for the calendar year pursuant to subparagraph (A). The
32 Franchise Tax Board shall estimate the amount of contributions
33 to be received by using the actual amounts received and an estimate
34 of the contributions that will be received by the end of that calendar
35 year.

36 (2) If the Franchise Tax Board determines that the amount of
37 the contributions estimated to be received during a calendar year
38 will not at least equal the minimum contribution amount for the
39 calendar year, this article is inoperative with respect to taxable

1 years beginning on or after January 1 of that calendar year, and
2 shall be repealed on December 1 of that calendar year.

3 (3) For purposes of this section, the minimum contribution
4 amount for a calendar year means two hundred fifty thousand
5 dollars (\$250,000) for the second calendar year after the first
6 appearance of the American Red Cross, California Chapters Fund
7 on the personal income tax return or the ~~adjusted~~ minimum
8 contribution amount *as* adjusted pursuant to subdivision (c).

9 (c) For each calendar year, beginning with the third calendar
10 year after the first appearance of the American Red Cross,
11 California Chapters Fund on the personal income tax return, the
12 Franchise Tax Board shall adjust, on or before September 1 of that
13 calendar year, the minimum contribution amount specified in
14 subdivision (b) as follows:

15 (1) The minimum ~~estimated~~ contribution amount for the calendar
16 year shall be an amount equal to the product of the minimum
17 ~~estimated~~ contribution amount for the *prior* calendar year
18 multiplied by the inflation factor adjustment as specified in
19 subparagraph (A) of paragraph (2) of subdivision (h) of Section
20 17041, rounded off to the nearest dollar.

21 (2) The inflation factor adjustment used for the calendar year
22 shall be based on the figures for the percentage change in the
23 California Consumer Price Index for all items received on or before
24 August 1 of the calendar year pursuant to paragraph (1) of
25 subdivision (h) of Section 17041.

26 (d) Notwithstanding the repeal of this article, any contribution
27 amounts designated pursuant to this article prior to its repeal shall
28 continue to be transferred and disbursed in accordance with this
29 article as in effect immediately prior to that repeal.